GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:4129
ANSWERED ON:23.08.2005
CONTRACTS AWARDED ON BOGUS BANK GUARANTEES
Adsul Shri Anandrao Vithoba;Tripathy Shri Braja Kishore

Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether the National Building Construction Corporation has awarded contracts worth crores of rupees against the bogus bank guarantees as reported in the Jansatta, dated August 5, 2005;

(b) if so, the facts thereof;

(c) the action taken in this regard;

(d) the steps taken to punish the guilty persons in this regard; and

(e) the steps being taken by the Government to check such incidents in future?

Answer

MINISTER OF PARLIAMENTARY AFFAIRS AND URBAN DEVELOPMENT(SHRI GHULAM NABI AZAD)

(a)&(b): No, Sir. NBCC works are awarded as per the guidelines issued by CVC. The bank guarantees submitted, by the construction firm referred to in the `Jansatta` dated 5.8.2005, as per the terms of contract were found to be bogus when the NBCC sought confirmation/ revalidation from the issuing banks.

(c): The NBCC has taken the following action against the construction firm which submitted the bogus bank guarantees:-

(i) Bank guarantees commission @ 2% p.a. amounting to Rs. 95,178/- on the total amount of all the four bank guarantees for the intervening period has been recovered from the contractor.

Further the interest @ 18% p.a. amounting to Rs. 7,91,806/- on the amount of bank guarantees has also been recovered from the contractor.

(ii) The contractor has been blacklisted for all future works with the instructions that no further works should be awarded to the contractor.

(iii) The Earnest Money Deposit with NBCC of Rs. 3.00 lacs has also been forfeited.

(iv) One of the awarded works at Patna i.e. Construction of Swimming Pool for Sports Complex at Kankarbagh, which was yet to be started, has been withdrawn from the contractor.

(d): Investigation in the matter is being conducted by CBI.

(e): The system for confirming the genuineness of the bank guarantees which is already in place in the Corporation has been recirculated for strict compliance.